

Buying support may return

Market Review

Malaysia: The FBM KLCI (-0.39%) closed lower dragged by banking heavyweights, as investors turned cautious ahead of the Fed's Chairman speech. On the broader market, the Utilities sector (+2.50%) gained, while the Energy sector (-0.68%) fell after MHB posted a second consecutive quarterly loss.

Global markets: Wall Street traded mixed as investors are still pricing in the 'higher for longer' interest rate environment, while turned cautious ahead of Jerome Powell's speech. The European stock market ended higher on the back of positive corporate earnings, while the Asian markets ended mostly lower.

The Day Ahead

The FBM KLCI ended lower for another session as profit taking activities extended within the banking heavyweights. We noticed the trading interest on Wall Street has slowed down as well after the US stock markets rose for about 8-9 days straight. The US 10-year Treasury yield continues to ease further, while the investors will be watching closely on Fed's chair statement for more clues on the interest rate direction. Thus, with this slowdown in trading activities, further profit taking activities may emerge within the local equities. We expect traders to focus on the upcoming reporting season for trading opportunities. On the commodity markets, the Brent oil prices slumped further by more than 2% on higher US inventories and weak demand.

Sector focus: Given the soft Brent oil prices, we expect O&G stocks may take a beating, especially within the E&P segment. Meanwhile, we expect selected Technology stocks may perform well tracking the moves on Nasdaq. Heading into the full-blown reporting season, we favour the Construction, Property, Building Material, Utilities and Consumer sectors.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	34,112.27	-0.12
S&P 500	4,382.78	0.10
NASDAQ	13,650.41	0.08
FBM KLCI	1,457.60	-0.39
FBM Small Cap	16,294.79	0.36
FBM ACE	5,130.10	0.64
Construction	187.90	0.60
Consumer	559.36	0.13
Energy	864.95	-0.68
Financial Services	16,370.25	-0.54
Healthcare	1,740.28	0.55
Ind Products	173.41	0.32
Plantation	6,956.36	-0.02
Property	856.93	0.28
REITs	784.86	0.14
Technology	62.87	0.21
Telco & Media	573.09	-0.17
Transport & Logist	938.99	0.11
Utilities	1,249.24	2.50
Trading Vol (m)	3,453.73	5.72
Trading Val (RM m)	1975.89	-8.82
Gainers/ Losers rat	122%	
FKLI	1,457.50	0.00
FCPO (RM)	3,761.00	-0.19
Brent oil (USD)	81.61	-2.30
Gold (USD)	1,950.20	0.00
USD	4.682	-0.26
GBP	5.7348	0.20
EURO	4.9947	-0.11
SGD	3.4507	-0.12

Trading participation 5-day trend and value ('m)

Institution	Foreign
-560.2	843.6

Source: Bloomberg, Bursa Market Place

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI ended lower for the second session, and could be forming a flag formation in the near term. The technical readings on the key index are positive, with the MACD Histogram extending another positive bar, while the RSI maintains above 50. The resistance is pegged around 1,470-1,480 and the support is at 1,440-1,450.

Company Brief

Swift Haulage Bhd's net profit more than doubled to RM28.39m in the third quarter ended Sept 30, 2023 (3QFY2023), from RM11.72m a year earlier. Earnings per share rose to 3.22 sen from 1.32 sen. The country's largest haulage operator said its improved earnings were due to higher other income earned from gain from bargain purchase through the acquisition of a 17.5% stake in Global Vision Logistics Sdn Bhd (GVL). Revenue increased 5.52% to RM168.04m, from RM159.25m, contributed by all its business segments, mainly from container haulage and land transportation segments. (The Edge)

Fraser & Neave Holdings Bhd's (F&N) shares rose to a six-month high of RM27.02 in Wednesday morning trade, after it declared a dividend of 50 sen per share after reporting its highest full-year profit in 13 years. On Tuesday, F&N declared a final dividend of 33 sen per share and a special dividend of 17 sen per share, after it reported a 40.11% jump in its net profit to RM536.9m, and an 11.8% increase in revenue, to reach a record-breaking RM5bn for the financial year ended Sept 30, 2023.

Meanwhile, the group's CEO Lim Yew Hoe told reporters during results briefing on Wednesday that F&N is on track to begin the initial milking for its fresh milk project by early 2025, following the recent groundbreaking of its integrated dairy farm in Gemas, Negeri Sembilan. "In the beginning, we will most likely focus on manufacturing plain milk first, then we will go into flavoured milk, and as we get better, we can go on to making cream," he said. (The Edge)

Hup Seng Industries Bhd's net profit in the third quarter ended Sept 30, 2023 (3QFY2023) jumped threefold to RM13.02m, from RM3.84m in the same period last year. Quarterly revenue expanded by 34.19% to RM94.19m, against RM70.19m, driven by higher contribution from its export markets, mainly from Thailand and Singapore. With better profit, its earnings per share increased to 1.63 sen from 0.48 sen. (The Edge)

AME Real Estate Investment Trust (AME REIT) reported a net income of RM8.72m for the second quarter ended Sept 30, 2023 (2QFY2024) on the back of a net property income of RM10.78m. It continued to maintain 100% occupancy rates across its industrial properties. The industrial REIT proposed an interim distribution of 1.8 sen per unit, payable on Dec 18 to unitholders at the close of business on Nov 24. As the REIT was only listed on Bursa Malaysia in September last year, financial results for 2QFY2023 were not comparable. (The Edge)

Duopharma Biotech Bhd's net profit for the third quarter ended Sept 30, 2023 (3QFY2023) fell by 45.13% to RM8.97m from RM16.35m due to higher finance costs, among others. The group's quarterly revenue fell by 4.43% to RM169.24m compared to RM177.07m, underpinned by a decrease in demand from the consumer healthcare sector and the prolonged impact of increased operational costs. In comparison with the immediate preceding quarter, the group's net profit came in lower than the RM12.54m reported in 2QFY2023 while revenue edged higher from RM167.52m. (The Edge)

The Kuala Lumpur High Court has ordered **UEM Sunrise Bhd**'s wholly owned Symphony Hills Sdn Bhd (SHSB) to pay RM2,500 as costs to the Minister of Finance and Director General of Inland Revenue Board respectively in relation to notices for additional tax assessments totalling RM82.18m in May 2021, after it denied SHSB's leave for a judicial review of the minister's decision. (The Edge)

Telecommunications tower company **OCK Group Bhd** has accepted a RM48.73m contract from the Ministry of Education to rent out eco-friendly information and communications technology (ICT) hardware to school computer laboratories in Sarawak. In a filing on Wednesday (Nov 8), the group said its wholly owned subsidiary OCK Setia Engineering Sdn Bhd had accepted the letter of acceptance on Oct 25, in respect of the rental of eco-friendly ICT hardware that meets green requirements on a lease-to-use basis for teaching and learning needs in the schools. The contract is set to last for 65 months, with a commencement date of Oct 26 until March 25, 2029. This entails four months for setup, 60 months for laptop leasing, and a one-month return period. (The Edge)

Malaysia Marine and Heavy Engineering Holdings Bhd (MHB) incurred a net loss of RM105.21m for the third quarter ended Sept 30, 2023 (3QFY2023), its second straight quarterly loss amid cost escalation in existing projects, and has warned that its heavy engineering segment and marine business will remain challenging. In the corresponding period last year (3QFY2022), the group made a net profit of RM15.95m, it said in a filing with the local stock exchange on Wednesday. MHB – 66.5%-owned by **MISC Bhd**, the shipping arm of state-owned oil company **Petrolia Nasional Bhd** (Petronas) – attributed the loss-making performance to additional cost provisions as a result of revised schedule and price escalation impact on ongoing projects in its heavy engineering division. “The revised schedule has caused the extension of delivery dates of the ongoing projects, which was necessary to cater for the delayed onshore works,” the group said. “In addition, the weakening of Malaysian ringgit against US dollar had impacted the hedging of receivables for a project,” it said. (The Edge)

Technical Focus Tracker

Technical Focus Tracker											
No.	Companies	Report Date	Report Date Share Price (RM)	Resistance 1 (RM)	Resistance 2 (RM)	Long Term Target (RM)	Support (RM)	Cut Loss (RM)	Last Price (RM)	Change in Share Price (%)	Comments
1	HIAPTEK	4-Oct	0.450	0.475	0.500	0.525	0.425	0.410	0.400	-11.1%	Cut loss on 20/10/2023
2	SLVEST	6-Oct	1.340	1.430	1.480	1.550	1.300	1.280	1.250	-6.7%	Cut loss on 20/10/2023
3	MI	23-Oct	1.790	1.910	2.000	2.050	1.650	1.630	1.800	0.6%	Initiate on 23/10/2023

Market Chat Tracker

4Q23 Stock Picks											
No.	Companies	Report Date	Report Date Share Price (RM)	Resistance 1 (RM)	Resistance 2 (RM)	Support 1 (RM)	Support 2 (RM)	Cut Loss (RM)	Last Price (RM)	Change in Share Price (%)	Comments
1	GTRONIC	2-Oct	1.560	1.700	1.820	1.450	1.360	1.340	1.530	-1.9%	Initiate on 2/10/2023
2	HIAPTEK	2-Oct	0.435	0.500	0.535	0.400	0.365	0.355	0.450	3.4%	Initiate on 2/10/2023
3	HSSEB	2-Oct	0.805	0.895	0.940	0.725	0.670	0.660	1.040	29.2%	Initiate on 2/10/2023
4	LHI	2-Oct	0.555	0.610	0.640	0.520	0.500	0.490	0.670	20.7%	Initiate on 2/10/2023
5	MUHIBAH	2-Oct	0.730	0.810	0.855	0.715	0.670	0.660	0.705	-3.4%	Initiate on 2/10/2023
6	PECCA	2-Oct	1.210	1.400	1.450	1.100	1.050	1.030	1.190	-1.7%	Initiate on 2/10/2023
7	PWF	2-Oct	0.653	0.950	1.000	0.825	0.790	0.780	0.750	14.9%	Initiate on 2/10/2023
8	RAMSSOL	2-Oct	0.495	0.545	0.605	0.425	0.395	0.385	0.430	-13.1%	Initiate on 2/10/2023
9	SLVEST	2-Oct	1.320	1.450	1.520	1.250	1.200	1.180	1.270	-3.8%	Initiate on 2/10/2023
10	T7GLOBAL	2-Oct	0.480	0.525	0.555	0.475	0.455	0.445	0.470	-2.1%	Initiate on 2/10/2023
11	TUNEPRO	2-Oct	0.435	0.485	0.515	0.420	0.405	0.395	0.415	-4.6%	Initiate on 2/10/2023
12	ULICORP	2-Oct	1.530	1.750	1.900	1.420	1.330	1.310	1.830	19.6%	Initiate on 2/10/2023
13	WELLCAL	2-Oct	1.490	1.600	1.680	1.380	1.310	1.290	1.580	6.0%	Initiate on 2/10/2023
Average Return										4.9%	

Technical Focus Tracker Summary	
Total recommendations	348
Total winners	215
Total losers	135
Portfolio performance (2020)	22.7%
Accuracy (2020)	53.3%
Portfolio performance (2021)	30.4%
Accuracy (2021)	66.4%
Portfolio performance (2022)	13.3%
Accuracy (2022)	62.9%
Portfolio performance (2023)	3.0%
Accuracy (2023)	62.1%
FBM KLCI (Since 30/12/2022)	-2.5%
FBM Small Cap (Since 30/12/2022)	9.2%
Malaysia GDP Growth (1H23)	4.2%

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